2009 REGULAR SESSION
ACTUARIAL NOTE 32.03
SB 296

Senate Bill 296 SLS 09RS-196
Engrossed/With Proposed Senate Amendments

Author: Senator B. Gautreaux
May 28, 2009

LA # 32.03

Louisiana Employees' Retirement System/
Teachers' Retirement System of Louisiana

EG 5yr Ttl: SEE ACTUARIAL NOTE

Preparation of this Note was directed by the Actuarial Services Division of this office.

Steve J. Theriot, CPA

Legislative Auditor

Bill Header: Provides for the determination of system liabilities and for the payment of such liabilities. (6/30/09)

Estimated Fiscal Impact:

EXPENDITURES:	2009-10	2010-11	2011-12	2012-13	2013-14	5 Year Total
State General fund	See below	See below	See below	See below	See below	See below
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	See below	See below	See below	See below	See below	See below

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 Year Total
State General fund	0	$(4,909,480)	$(3,562,732)	$(4,284,805)	$(4,038,836)	$(16,795,853)
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	0	$(4,909,480)	$(3,562,732)	$(4,284,805)	$(4,038,836)	$(16,795,853)

The table above is presented from the perspective of LASERS and TRSL. The systems in the aggregate will receive less in contributions under Senate Bill 296 than what they currently will receive during the five year period.

Purpose:

The purpose of Senate Bill 296 is:

1. to refinance the unfunded accrued liability for LASERS and TRSL that exists on June 30, 2009.

2. to increase by $100 million the amount of excess earnings for LASERS (earnings that exceed the amount necessary to earn the actuarial valuation interest rate, i.e., 8.25%) that must occur for a fiscal year before a portion of such excess is deposited into the experience account.

3. to increase by $200 million the amount of excess earnings for TRSL that must occur for a fiscal year before a portion of such excess is deposited into the experience account.

4. to retain the amount that can be accumulated in the experience accounts of the systems to two times the actuarial present value for a permanent cost-of-living adjustment.

5. to provide that for any year in which the actuarial rate of return is less than the valuation interest rate (8.25%), any permanent cost-of-living adjustment shall be limited to 2.0%. The Bill also provides that no permanent cost-of-living benefit increases shall be granted for either system if the system fails to both earn the actuarial rate of return, and the system is less than 80% funded.

6. to limit the eligibility requirements for the receipt of cost-of-living adjustments payable to retirees to participants who are at least age 60 and have been collecting a benefit for at least one year. And, for retirees who retired on disability, and beneficiaries thereof, to require one year of retirement before a cost-of-living adjustment will be granted.

Senate Bill 296 presumes the enactment of House Bill 586.

Bill Provisions:

Relative to the Louisiana Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL); provides for the determination of system liabilities and for the payment of such liabilities.

Existing Provisions:

Under current law, the initial unfunded accrued liability for LASERS that existed in 1993 and subsequent changes in the unfunded liability resulting from actuarial gains and losses and from the enactment of legislation are being amortized over a period of years ranging from 10 to 30 years depending on the reason for the change and the year in which the change occurred. Amortization periods for TRSL are similar.

Currently, amounts are deposited into the experience accounts of each system if LASERS or TRSL experiences excess earnings. The deposit amounts are equal to 50% of such excess for each system.

Currently, the experience accounts may not exceed the amount necessary to grant two cost-of-living adjustments.

Currently, a cost of living adjustment may be made if the balance in the experience account is sufficient to grant such an increase.

Currently, all retirees age 55 and older and all disability retirees and their beneficiaries are eligible to receive a cost-of living adjustment.

Proposed Provisions:

Amortization periods for credit and debit bases associated with the unfunded accrued liability of LASERS and TRSL will be restructured as follows:

LASERS

1. The current amortization schedule will apply through June 30, 2010.

2. Unamortized amounts as of June 30, 2010 for the following bases will be combined to form the Original Amortization Base - the 1993 Initial Liability Base; and the 1993, 1994, 1995, 1997, 1998, 2005, 2006, and 2007 credit bases due to Changes in Liability.

3. The Original Base will be reduced by the balance in the Texaco Fund as adjusted for interest at 8.25% per year.

4. Unamortized amounts as of June 30, 2010 for the following bases will be combined to form the Experience Account Amortization Base - the 1996, 1999, 2000, 2001, 2002, 2003, 2004, and 2008 charge bases due to Changes in Liability.

5. The Experience Account Amortization Base will be reduced by the balance in the sub-account of the Texaco Fund on June 30, 2010 as adjusted for investment gains /or losses and as adjusted for the cost of House Bill 586.

6. Other amortization bases (due to Act 353, Act 414, Act 262, and Act 740) will not be changed.

7. Employer Credit Balance bases will not be changed.

8. The Original Base amortization payment for 2010-11 will be based on the June 30, 2009 valuation. Payments will increase at 6.5% for one year, 5.5% for 4 years, 5.0% for 2 years, and at 2.0% for the remaining years through 2028-29.

9. The Experience Account amortization payment for 2010-11 will be based on the June 30, 2009 valuation. Payments will increase at 6.5% for one year, 5.5% for 4 years, 5.0% for 2 years, and will be level thereafter for the remaining years through 2039-40.

TRSL

1. The current amortization schedule will apply through June 30, 2010.

2. Unamortized amounts as of June 30, 2010 for the following bases will be combined to form the Original Amortization Base - the 1993 Initial Liability Base; and the 1993, 1994, 1995, 1996, 1998, 1999, 2000, 2005, 2006, 2007 credit bases due to Changes in Liability; and the 2008 credit base due to Change in Assumptions.

3. The Original Base will be reduced by the balance in the Texaco Fund as adjusted for interest at 8.25% per year.

4. The Original Base will also be reduced by the balance in the Employer Credit account as adjusted for investment gains and/or losses.

5. Unamortized amounts as of June 30, 2010 for the following bases will be combined to form the Experience Account Amortization Base - the 1997, 2001, 2002, 2003, 2004, and 2008 charge bases due to Changes in Liability.

6. The Experience Account Amortization Base will be reduced by the balance in the sub-account in the Texaco Fund on June 30, 2010 as adjusted for investment gains /or losses and as adjusted for the cost of House Bill 586.

7. Employer Credit Balance bases will not be changed.

8. The Original Base amortization payment for 2010-11 will be based on the June 30, 2009 valuation. Payments will increase at 7.0% for 3 years, 6.5% for 4 years, and at 2.0% for the remaining years through 2028-29.

9. The Experience Account amortization payment for 2010-11 will be based on the June 30, 2009 valuation. Payments will increase at 7.0% for 3 years, 6.5% for 4 years, and will be level thereafter for the remaining years through 2039-40.

The threshold that must be attained for deposits to be made to the experience account will be increased by $100 million for LASERS and $200 million of TRSL. The first $50 million of excess earnings for LASERS will be allocated to reduce the outstanding Original Amortization Base. The next $50 million will be used to reduce the outstanding Experience Account Amortization Base. The first $100 million of excess earnings for TRSL will be allocated to reduce the outstanding Original Amortization Base. The next $100 million will be used to reduce the outstanding Experience Account Amortization Base. 50% of any remaining excess earnings will be credited to the experience account.

The LASERS experience account and the TRSL experience account may not exceed the amount necessary to grant two permanent benefit increases. This was changed from “two cost-of-living adjustments”.

A permanent benefit increase may be granted only if the balance in the experience account is sufficient to do so. However, no increase can be granted in any year for which the funded ratio of the plan is less than 80% and the plan also fails to earn the actuarial rate of return. Any benefit adjustment is limited to no more than 2.0% for any year in which the actuarial rate of return is less than the valuation interest rate (8.25%). This applies to both LASERS and TRSL.

Future permanent benefit increases will be granted to retirees who have attained age 60, survivors of retirees who would have been age 60 had they not died, retirees who retired for disability, and survivors of disability retirees. A retiree must be retired for at least one year to receive a permanent benefit increase.

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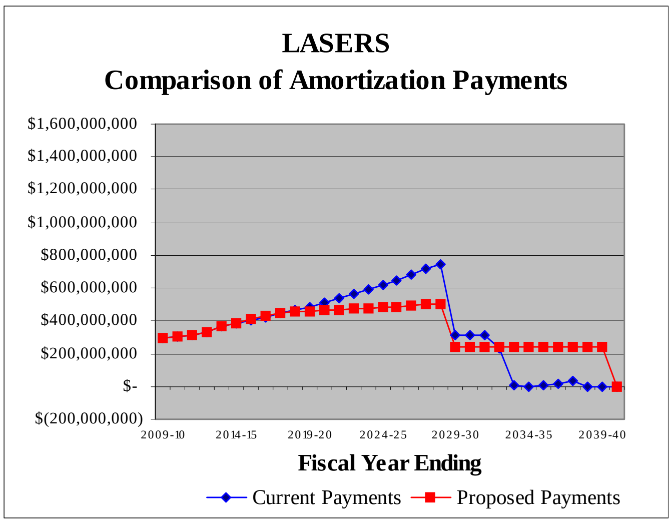
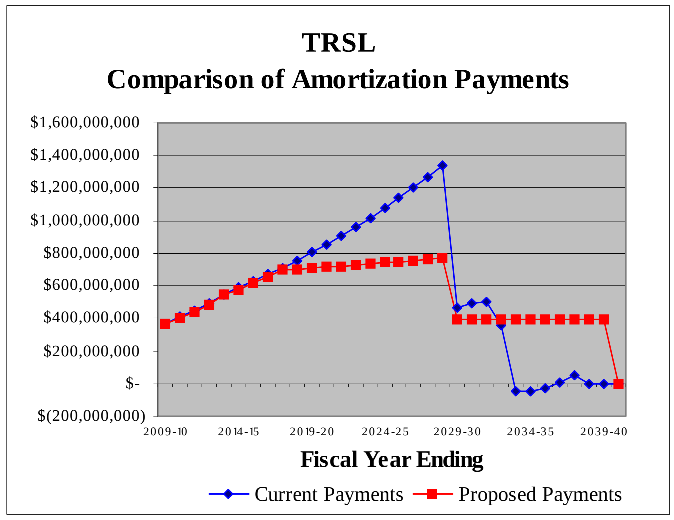
Actuarial Impact:

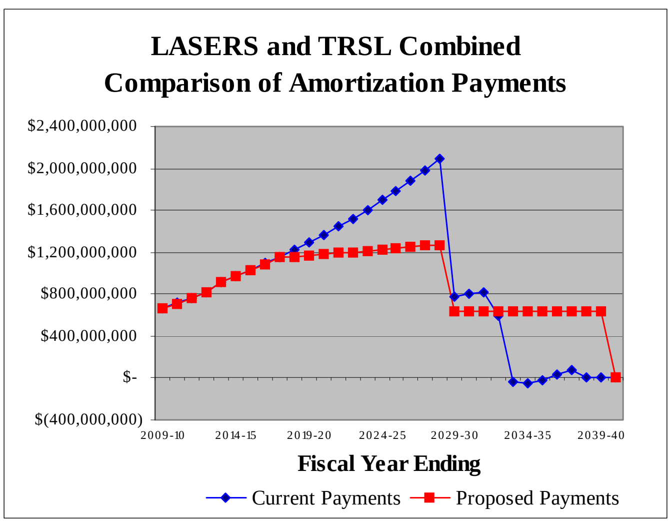
Some components of Senate Bill 296 have a measurable impact on future annual costs. These costs are reflected in the "Estimated Fiscal Impact" statement shown above. Other components cannot be measured reliably at this time because they depend on circumstances that may or may not occur in the future and no reliable assessment can be made as to the likelihood of such events occurring or to the timing of such events.

The following general conclusions can be drawn:

Annual Amortization Payments:







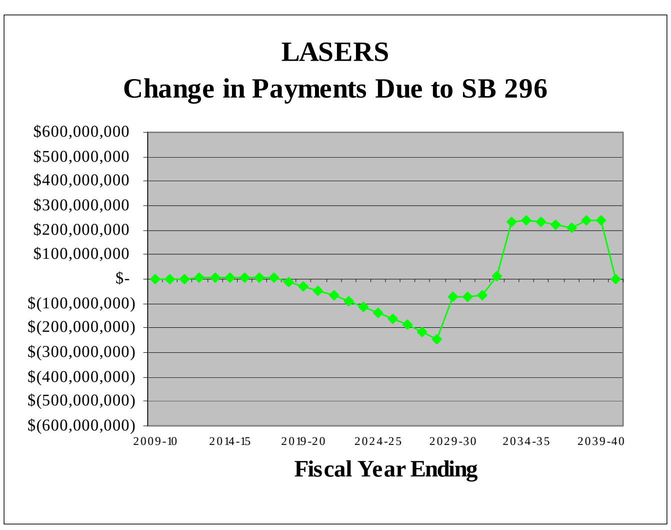
1. Payment toward amortization of the LASERS unfunded accrued liability for 2010-11 will be $2,003,829 less than what the payment will be under current law. Proposed payments will be smaller than current payments through the 2017-18 fiscal year.

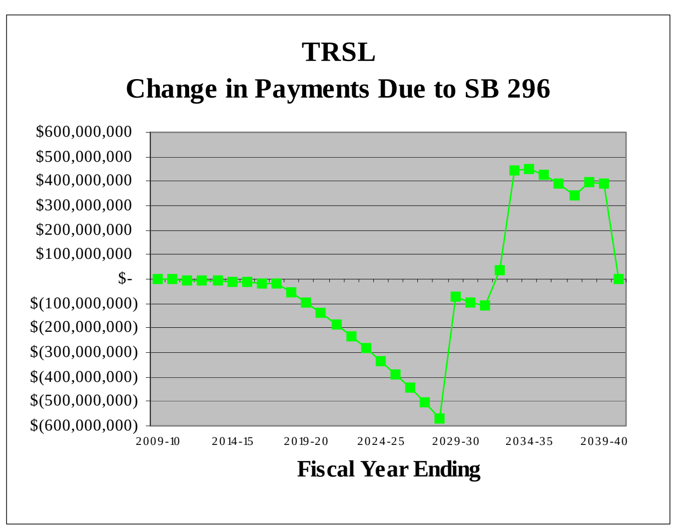
2. Payment toward amortization of the TRSL unfunded accrued liability for 2010-11 will be $2,905,651 less than what the payment will be under current law. Proposed payments will be smaller than current payments through the 2017-18 fiscal year.

3. Amortization payments for LASERS and TRSL combined will be $4,909,480 less for 2010-11 than what payments will be under current law. The decrease in combined payments for 2011-12 through 2017-18 will range from $3 million to $9 million a year.

4. A comparison of payment schedules is shown in Exhibit A.

Total Amortization Payments:





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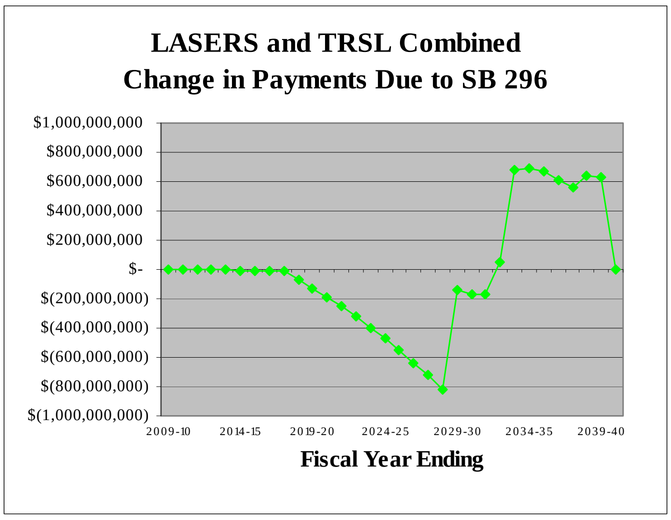


1. Total contributions payments to LASERS over the amortization period, to amortize the unfunded accrued liability, will be increased from about $11.061 billion to $11.220 billion, an increase of $159 million.

2. Total contributions payments to TRSL over the amortization period, to amortize the unfunded accrued liability, will be reduced from about $17.951 billion to about $17.234 billion, a savings of $717 million.

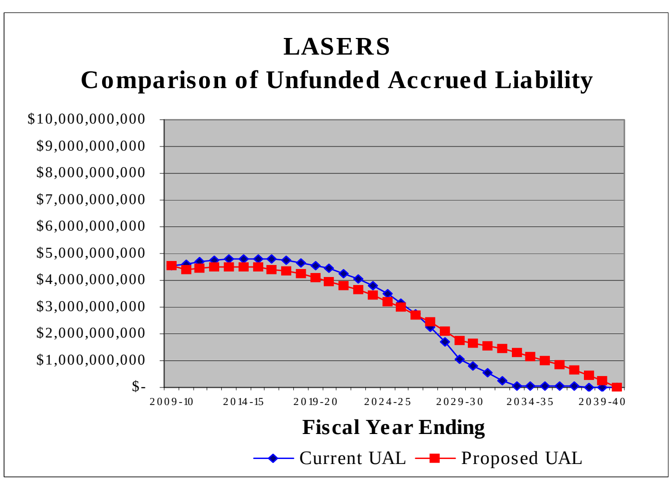
3. For LASERS and TRSL in the aggregate, contributions will be $4 million to $8 million per year less under Senate Bill 296 for the next ten years as under current law, significantly less ($100 million to $800 million per year) for the next decade and significantly larger ($500 million to $700 million per year) for the decade thereafter.

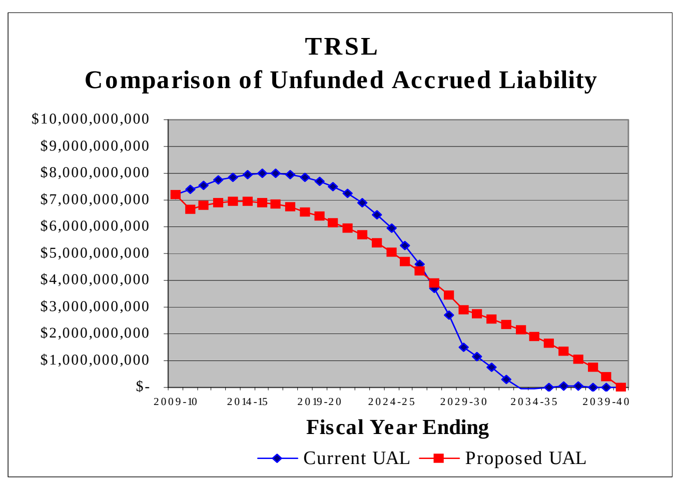
4. Under current law, amortization payments are eliminated after 20 years. Under Senate Bill 296, IUAL payments are eliminated in the same term, that is, after 20 years. Other UAL balances, aside from the IUAL, are being amortized under current law via annual payments. Under Senate Bill 296, the other UAL balances will be amortized at the end of 30 years which is one year longer than the time the balances would have been amortized under current law.

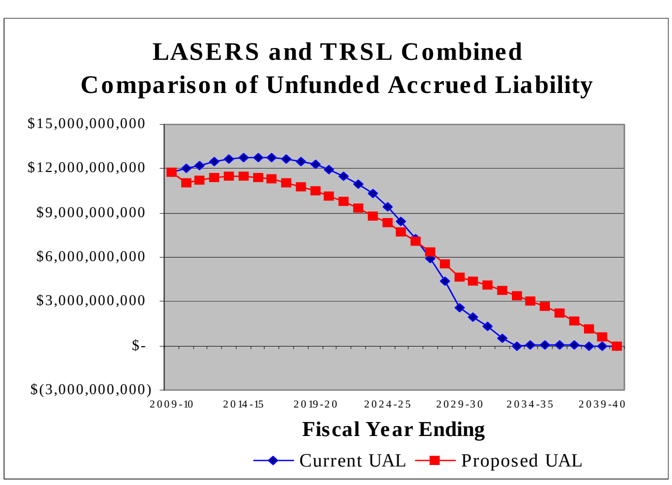
5. Because a portion of excess earnings will be diverted from the experience account to amortization of the unfunded accrued liability ($100 million for LASERS and $200 million for TRSL), contribution amounts toward amortization of the unfunded accrued liability will be reduced even further to the extent that excess earnings materialize during the amortization period.

6. The potential for benefit adjustments in future years will be decreased because the amount of excess earnings available for deposit into the experience account will be less, the amount that may be accumulated in the account will be less, the benefit adjustment percentage will be reduced under some circumstances and eliminated all together under others, and adjustments will be limited to those who are at least age 60 and have been retired for one year.

Project Unfunded Accrued Liabilities:







1. The unfunded accrued liability for LASERS and TRSL actually increases for several more years under current law.

2. In the aggregate, under current law, the UAL actually increases for the next 6-7 years and doesn't return to its current amount until 2020-21.

3. Under Senate Bill 296, the unfunded accrued liability will remain at current levels for the next 6 to 7 years and then begin to decline.

4. Under current law, the IUAL reaches $0 at the end of the 2028-29 year. Under Senate Bill 296, the IUAL also reaches $0 at the end of 2028-29. UAL balances, other than the IUAL, are being amortized under current law via annual payments. Under Senate Bill 296, the other UAL balances reach $0 at the end of 2039-40, about a year later than when they would have reached $0 under current law.

Additional information about the financial implications of the other changes made by Senate Bill 296 is given below in the next section.

Actuarial Analysis:

Refinancing the Unfunded Accrued Liability

Information about the effects of Senate Bill 296 on the unfunded accrued liability was given in the previous section.

House Bill 586

Senate Bill 296 presumes the enactment of House Bill 586 which adjusts benefits payable to retires to LASERS and TRSL. A benefit adjustment will be given to individuals with small benefits. The benefit adjustment will be sufficient to provide a minimum total benefit of $1,200 per month. In no event will an increase under House Bill 586 exceed $300 a month.

The cost of House Bill 586 is shown below:

	LASERS	**TRSL**
Increase in the Actuarial Present Value of Benefits	$ 6,832,000	$ 10,236,155
Decrease in the June 30, 2009 Experience Account as a result of Senate Bill 296	$ 6,832,000	$ 10,236,155

The present value cost will be subtracted from the Experience Account before it is used to reduce the Experience Account Amortization Base.

Texaco Fund, Employer Credit Account, and Experience Account

The June 30, 2010 balance in the Texaco Fund and the Employer Credit Account will be used reduce the Original Amortization Base. The Original Amortization base before and after this adjustment is shown below:

Original Amortization Base	**LASERS**	**TRSL**
Before Adjustment for the Texaco Account	$ 2,028,000,000	$ 3,185,000,000
Balance in the Texaco Account as of June 30, 2010	91,000,000	406,000,000
Balance in the Employer Credit Account as of June 30, 2010	0	101,000,000
After Adjustment for the Texaco Account	$ 1,937,000,000	$ 2,678,000,000

The June 30, 2009 balance in the Experience Account, after adjustment for the cost of House Bill 586, will be used reduce the Experience Account Amortization Base. The Experience Account Amortization base before and after this adjustment is shown below:

Experience Account Amortization Base	**LASERS**	**TRSL**
Before Adjustment for the Experience Account	$ 2,618,000,000	$ 4,293,000,000
Balance in the Experience Account as of June 30, 2010	127,000,000	310,000,000
After Adjustment for the Experience Account	$ 2,491,000,000	$ 3,983,000,000

Experience Account and Permanent Benefit Adjustments

The balance in the experience account will be transferred to a sub-account of the Texaco Fund. Its value immediately after the transfer will then be re-set to $0 effective July 1, 2009. In the future, the experience account will be credited with excess investment earnings to the extent that such earnings exceed $100 million for LASERS and $200 million for TRSL. As a result, amounts available to provide for permanent benefit increases will be reduced. Future obligations of the plan to provide these adjustments will decrease and future liability increases due to such adjustments will decrease.

The effect of these changes on the financial security of the LASRS and TRSL cannot be reliably measured because such measurements depend on unpredictable events. The general effect of these changes, however, can be illustrated for various levels of investment earnings (See Exhibit B). In preparing this exhibit, we assumed the value of the LASERS trust fund is $9 billion and the value of the TRSL fund is $15 billion.

Permanent Benefit Adjustments

Under Senate Bill 296 permanent benefit adjustments will be granted only to those who are or would have been 60 or older and who have been collecting a benefit for at least one year, or to any disabled person who has been retired for at least one year. These limitations will only affect future adjustments if and when such adjustments occur. Although the timing of when such an adjustment might occur is not known, the savings that will occur as a result of the enactment of Senate Bill 296 can be estimated by using the current set of retirees.

If it is assumed that the set of retirees, existing when a permanent adjustment is offered, has the same number, age, service and benefit characteristics as the current set of retirees, the savings that will materialize from this Bill is shown below. The savings are based on an assumption that such a benefit adjustment, if and when it occurs, will be only a 2.0% adjustment.

Cost Reductions Due to SB 296	**LASERS**	**TRSL**
Reduction in the Actuarial Present Value of Benefits	$ 88,000,000	$ 84,000,000

Fiscal Impact:

The fiscal impact is shown in the "Estimated Fiscal Impact Table" above.

Dual Referral Rules:

Estimated Fiscal Impact >= $500,000? **Unknown**

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EXHIBIT A
LASERS AND TRSL COMBINED

COMPARISON OF CURRENT AND PROPOSED AMORTIZATION SCHEDULES

	Current Schedule		Proposed Schedule		
Year	Unfunded Accrued Liability	Mid-Year Payment	Unfunded Accrued Liability	Mid-Year Payment	Payment Increase / (Decrease)
2009-10	$ 11,727,817,665	$ 661,045,821	$ 11,727,817,665	$ 661,045,821	$ -
2010-11	12,007,588,998	715,007,248	11,064,039,424	710,097,768	(4,909,480)
2011-12	12,254,298,239	761,510,544	11,238,013,807	757,947,812	(3,562,732)
2012-13	12,472,977,447	819,105,727	11,376,556,332	814,820,922	(4,284,805)
2013-14	12,649,773,783	915,128,139	11,467,355,978	911,089,303	(4,038,836)
2014-15	12,741,250,969	972,138,499	11,465,485,832	966,744,924	(5,393,575)
2015-16	12,780,959,586	1,031,051,611	11,405,555,476	1,025,140,900	(5,910,711)
2016-17	12,762,649,041	1,092,615,814	11,279,923,788	1,085,077,125	(7,538,689)
2017-18	12,678,774,472	1,156,950,403	11,081,567,884	1,148,602,825	(8,347,578)
2018-19	12,521,044,447	1,223,808,565	10,800,753,408	1,158,406,617	(65,401,948)
2019-20	12,280,740,284	1,294,063,547	10,486,571,553	1,168,785,401	(125,278,146)
2020-21	11,947,515,454	1,367,480,003	10,135,671,270	1,179,371,760	(188,108,243)
2021-22	11,510,414,700	1,444,200,198	9,744,807,320	1,190,169,846	(254,030,352)
2022-23	10,957,430,943	1,524,372,803	9,310,462,414	1,201,183,894	(323,188,909)
2023-24	10,275,411,834	1,608,153,175	8,828,824,678	1,212,418,222	(395,734,953)
2024-25	9,449,958,317	1,695,703,665	8,295,763,268	1,223,877,238	(471,826,427)
2025-26	8,465,314,501	1,787,193,927	7,706,801,958	1,235,565,433	(551,628,494)
2026-27	7,304,248,119	1,882,801,250	7,057,090,561	1,247,487,393	(635,313,857)
2027-28	5,947,920,784	1,982,710,902	6,341,373,978	1,259,647,792	(723,063,110)
2028-29	4,375,747,186	2,087,116,489	5,553,958,701	1,272,051,378	(815,065,111)
2029-30	2,565,242,289	780,121,079	4,688,676,568	639,467,457	(140,653,622)
2030-31	1,965,211,373	808,128,874	4,410,169,595	639,467,457	(168,661,417)
2031-32	1,286,537,684	813,807,480	4,108,685,796	639,467,457	(174,340,023)
2032-33	545,965,208	590,441,038	3,782,329,583	639,467,457	49,026,419
2033-34	(23,306,768)	(38,721,134)	3,429,048,983	639,467,457	678,188,591
2034-35	15,057,154	(50,992,857)	3,046,622,734	639,467,457	690,460,314
2035-36	69,354,001	(25,538,641)	2,632,646,319	639,467,457	665,006,098
2036-37	101,646,940	29,273,016	2,184,516,850	639,467,457	610,194,441
2037-38	79,576,213	82,793,687	1,699,416,700	639,150,091	556,356,404
2038-39	-	-	1,174,625,985	639,150,054	639,150,054
2039-40	-	-	606,540,075	631,064,069	631,064,069
2040-41	-	-	-	-	-
Total		$ 29,011,470,872		$ 28,454,636,244	$ (556,834,628)

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EXHIBIT A
LASERS

COMPARISON OF CURRENT AND PROPOSED AMORTIZATION SCHEDULES

	Current Schedule		Proposed Schedule		
Year	Unfunded Accrued Liability	Mid-Year Payment	Unfunded Accrued Liability	Mid-Year Payment	Payment Increase / (Decrease)
2009-10	$ 4,545,606,013	$ 291,594,757	$ 4,545,606,013	$ 291,594,757	$ -
2010-11	4,617,233,817	306,269,376	4,413,804,354	304,265,547	(2,003,829)
2011-12	4,679,502,963	315,355,841	4,461,375,418	317,268,604	1,912,763
2012-13	4,737,455,459	329,169,265	4,499,342,291	332,279,861	3,110,596
2013-14	4,785,817,099	363,885,654	4,524,823,230	368,429,348	4,543,694
2014-15	4,802,048,512	383,017,131	4,514,795,241	389,249,752	6,232,621
2015-16	4,799,714,004	402,346,810	4,482,277,716	410,546,222	8,199,412
2016-17	4,777,075,671	422,546,325	4,424,919,953	430,971,473	8,425,148
2017-18	4,731,553,441	443,654,817	4,341,579,078	452,417,986	8,763,169
2018-19	4,660,313,664	465,341,707	4,229,048,929	456,259,244	(9,082,463)
2019-20	4,560,632,858	488,392,709	4,103,238,473	460,556,243	(27,836,466)
2020-21	4,428,745,372	512,481,006	3,962,577,917	464,939,182	(47,541,824)
2021-22	4,260,914,918	537,653,275	3,805,752,712	469,409,779	(68,243,496)
2022-23	4,053,048,403	563,958,298	3,631,338,073	473,969,788	(89,988,510)
2023-24	3,800,664,297	591,447,046	3,437,789,844	478,620,997	(112,826,049)
2024-25	3,498,858,312	620,172,788	3,223,434,617	483,365,231	(136,807,557)
2025-26	3,142,266,135	650,191,190	2,986,459,028	488,204,349	(161,986,841)
2026-27	2,725,022,979	681,560,419	2,724,898,177	493,140,250	(188,420,169)
2027-28	2,240,719,694	714,341,263	2,436,623,083	498,174,869	(216,166,394)
2028-29	1,682,355,130	748,597,245	2,119,327,112	503,310,164	(245,287,081)
2029-30	1,042,284,449	311,410,747	1,770,511,295	241,409,318	(70,001,429)
2030-31	804,271,022	316,159,652	1,665,408,352	241,409,318	(74,750,334)
2031-32	541,680,572	308,928,317	1,551,634,416	241,409,318	(67,518,999)
2032-33	264,950,126	230,078,201	1,428,474,130	241,409,318	11,331,117
2033-34	47,427,650	9,432,749	1,295,153,121	241,409,318	231,976,569
2034-35	41,526,292	(457,068)	1,150,833,129	241,409,318	241,866,386
2035-36	45,427,760	4,841,412	994,606,737	241,409,318	236,567,906
2036-37	44,138,387	18,525,772	825,491,668	241,409,318	222,883,546
2037-38	28,504,987	29,657,518	642,424,606	241,091,952	211,434,434
2038-39	-	-	444,584,709	241,091,970	241,091,970
2039-40	-	-	230,423,002	239,739,604	239,739,604
2040-41	-	-	-	-	-
Total		$ 11,060,554,222		$ 11,220,171,716	$ 159,617,494

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EXHIBIT A
TRSL

COMPARISON OF CURRENT AND PROPOSED AMORTIZATION SCHEDULES

	Current Schedule		Proposed Schedule		
Year	Unfunded Accrued Liability	Mid-Year Payment	Unfunded Accrued Liability	Mid-Year Payment	Payment Increase / (Decrease)
2009-10	$ 7,182,211,652	$ 369,451,064	$ 7,182,211,652	$ 369,451,064	$ -
2010-11	7,390,355,181	408,737,872	6,650,235,070	405,832,221	(2,905,651)
2011-12	7,574,795,276	446,154,703	6,776,638,389	440,679,208	(5,475,495)
2012-13	7,735,521,988	489,936,462	6,877,214,041	482,541,061	(7,395,401)
2013-14	7,863,956,684	551,242,485	6,942,532,748	542,659,955	(8,582,530)
2014-15	7,939,202,457	589,121,368	6,950,690,591	577,495,172	(11,626,196)
2015-16	7,981,245,582	628,704,801	6,923,277,760	614,594,678	(14,110,123)
2016-17	7,985,573,370	670,069,489	6,855,003,835	654,105,652	(15,963,837)
2017-18	7,947,221,031	713,295,586	6,739,988,806	696,184,839	(17,110,747)
2018-19	7,860,730,783	758,466,858	6,571,704,479	702,147,373	(56,319,485)
2019-20	7,720,107,426	805,670,838	6,383,333,080	708,229,158	(97,441,680)
2020-21	7,518,770,082	854,998,997	6,173,093,353	714,432,578	(140,566,419)
2021-22	7,249,499,782	906,546,923	5,939,054,608	720,760,067	(185,786,856)
2022-23	6,904,382,540	960,414,505	5,679,124,341	727,214,106	(233,200,399)
2023-24	6,474,747,537	1,016,706,129	5,391,034,834	733,797,225	(282,908,904)
2024-25	5,951,100,005	1,075,530,877	5,072,328,651	740,512,007	(335,018,870)
2025-26	5,323,048,366	1,137,002,737	4,720,342,930	747,361,084	(389,641,653)
2026-27	4,579,225,140	1,201,240,831	4,332,192,384	754,347,143	(446,893,688)
2027-28	3,707,201,090	1,268,369,639	3,904,750,895	761,472,923	(506,896,716)
2028-29	2,693,392,056	1,338,519,244	3,434,631,589	768,741,214	(569,778,030)
2029-30	1,522,957,840	468,710,332	2,918,165,273	398,058,139	(70,652,193)
2030-31	1,160,940,351	491,969,222	2,744,761,243	398,058,139	(93,911,083)
2031-32	744,857,112	504,879,163	2,557,051,380	398,058,139	(106,821,024)
2032-33	281,015,082	360,362,837	2,353,855,453	398,058,139	37,695,302
2033-34	(70,734,418)	(48,153,883)	2,133,895,862	398,058,139	446,212,022
2034-35	(26,469,138)	(50,535,789)	1,895,789,605	398,058,139	448,593,928
2035-36	23,926,241	(30,380,053)	1,638,039,582	398,058,139	428,438,192
2036-37	57,508,553	10,747,244	1,359,025,182	398,058,139	387,310,895
2037-38	51,071,226	53,136,169	1,056,992,094	398,058,139	344,921,970
2038-39	-	-	730,041,276	398,058,084	398,058,084
2039-40	-	-	376,117,073	391,324,465	391,324,465
2040-41	-	-	-	-	-
		$ 17,950,916,650		$ 17,234,464,528	$ (716,452,122)

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EXHIBIT B
Comparison of Experience Account Deposits

LASERS

		Current Law		Proposed Law	
Earnings Rate	**Earnings**	**Excess Earnings**	**Deposit into Experience Account**	**Excess Earnings**	**Deposit into Experience Account**
8.25%	$ 742,500,000	$ -	$ -	$ -	$ -
8.75%	787,500,000	45,000,000	22,500,000	-	-
9.25%	832,500,000	90,000,000	45,000,000	-	-
9.75%	877,500,000	135,000,000	67,500,000	35,000,000	17,500,000
10.25%	922,500,000	180,000,000	90,000,000	80,000,000	40,000,000
10.75%	967,500,000	225,000,000	112,500,000	125,000,000	62,500,000
11.25%	1,012,500,000	270,000,000	135,000,000	170,000,000	85,000,000
11.75%	1,057,500,000	315,000,000	157,500,000	215,000,000	107,500,000
12.25%	1,102,500,000	360,000,000	180,000,000	260,000,000	130,000,000
12.75%	1,147,500,000	405,000,000	202,500,000	305,000,000	152,500,000
13.25%	1,192,500,000	450,000,000	225,000,000	350,000,000	175,000,000

Assumed Market Value of Assets = $ 9,000,000,000

TRSL

		Current Law		Proposed Law	
Earnings Rate	**Earnings**	**Excess Earnings**	**Deposit into Experience Account**	**Excess Earnings**	**Deposit into Experience Account**
8.25%	$ 1,237,500,000	$ -	$ -	$ -	$ -
8.75%	1,312,500,000	75,000,000	37,500,000	-	-
9.25%	1,387,500,000	150,000,000	75,000,000	-	-
9.75%	1,462,500,000	225,000,000	112,500,000	25,000,000	12,500,000
10.25%	1,537,500,000	300,000,000	150,000,000	100,000,000	50,000,000
10.75%	1,612,500,000	375,000,000	187,500,000	175,000,000	87,500,000
11.25%	1,687,500,000	450,000,000	225,000,000	250,000,000	125,000,000
11.75%	1,762,500,000	525,000,000	262,500,000	325,000,000	162,500,000
12.25%	1,837,500,000	600,000,000	300,000,000	400,000,000	200,000,000
12.75%	1,912,500,000	675,000,000	337,500,000	475,000,000	237,500,000
13.25%	1,987,500,000	750,000,000	375,000,000	550,000,000	275,000,000

Assumed Market Value of Assets = $15,000,000,000